

In December of 2006, the board agreed to potential legislation to temporarily increase the 0.75 cent per gallon fee to a 1 cent per gallon fee to address the impending backlog of claims, reduce administrative costs and pursue a trust fund for historical spills. That bill was requested by Representative Harry Klock. During the February 2007 board meeting, the following motion was made regarding the proposed legislation:

**“Mr. Noble moved** that the Board is satisfied with the language in the proposed legislation in LC2310 and will request that Representative Klock carry forward the bill as currently drafted, upon the Governor’s approval. Ms. Blazicevich seconded. **The motion was unanimously approved. “**

The bill draft was placed on hold on March 26, 2007 and was never introduced.

The board is currently back in discussions regarding the need for legislation to address fund solvency through a 0.25 cent per gallon increase. The minutes of the July 2007 board meeting indicated that DEQ, the board and the marketers association are working together to formulate legislation. There does not appear to be any evidence that any legislator or interim committee has been involved in this process.

## SUMMARY

The petroleum tank compensation fund revenues are flat, administrative expenses are stable, however claims fluctuate base on the number of work plans submitted to and approved by the board. The board has made recently policy changes to slow the obligation of funds which will aid in short term solvency. Long-term solvency is at risk unless managerial or statutory changes are made to balance revenues and expenses.

## OPTIONS

The legislature may wish to consider addressing all the issues through a workgroup or subcommittee of the Legislative Finance Committee and the Environmental Quality Council. This may include:

- Finance assurance of owner operators through private insurance or other means to decrease pressure on the fund
- Analyzing the need for a short term or permanent increase to the per gallon fee
- Institutionalizing a priority claims payment system
- Increase the minimum claim amount processed by the board
- Review the utilization of co-payments and deductibles to assure owner/operator participation in cleanup costs
- Reviewing subrogation policies for claims already in process to change the position of the fund to payer of last resort, rather than the default payer.